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## Halal Food Industries and Learning Organization

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### Abstract

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#### **Keywords:**

*Learning organization*

*Halal industries*

*Islamic management*

Learning organization is one of a famous management term and has been widely discussed. However, the applicability of this concept with halal industries has yet to be explored. The purpose of this paper are: (a) to share the concept of halal industries, little known in the west, which may stimulate further discussion and debate on its relationship with management practices i.e the learning organization, and (b), to provide some knowledge of Islamic view on learning organization in order to help managers do business in Muslim culture in general and in growing halal industries in particular. The paper concludes with business implications and suggestion for further research

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### 1. Introduction

In 2003, the ‘Technical Committee on Developing Malaysia as the Regional Hub For Halal Products’ was set up and chaired by the Ministry of International Trade and Industry (MITI, 2007) to expand the halal food industry and to create Malaysia as a Halal Hub by 2010. Until now, halal has become a phenomena among consumers, manufacturers, producers and traders. To date, there are many studies conducted by

researchers, students and academicians to explore the potential of halal industries in global market. The trends of rebranding products with halal elements is increasing and claimed to be able to put an added value for Muslim consumption as well as non-Muslim (Aziz & Chok, 2013).

Malaysian government authority, Halal Development Corporation (HDC), has come out with its own “Malaysian

Standard of Halal” which determines both *halal* and *tayyib* aspects to be applied by halal industries players. It is due to the high demand for *halal* products worldwide so the producers of *halal* food products will meet high competition among them in *halal* food industries. They must follow the standard in producing halal products. However, they still need to fulfil other conditions and terms to get the halal logo to market their products and compete with other brands and products. Thus, there is a question; are products with halal logo will get high demand? A company should have a good management to market and attract people to buy their products. They must have a good strategy to improve their organization especially among employees and one of necessary is empower the knowledge management (Hec, 2012).

According to Ichij and Nonaka (2007):

*“The success of a company in the twenty-first century will be determined by the extent to which an organization’s members can develop their intellectual capabilities through knowledge creation. Thus, in order to sustain competitive advantage, managers’ understanding of knowledge creation and transfer is vital as the success of a company might be determined by managers’.”*

It was proven that learning organization is the main tools applied to get a big success in business. For instance, Toyota,

Cadbury, Honda, Canon; all these companies are practicing learning organization until they achieve the prosperity in their business.

It is clearly mentioned in the Qur’an the importance of learning. One of them is the promise that Allah will be rise up the knowledgeable to higher ranks: *“Allah will rise up, to [suitable] ranks [and degrees], those who believe and who have been granted knowledge. And Allah is well acquainted with all ye do’* (Qur’an 58:11). Without doubt the Islamic learning organization is based on *Tawhid*. This paper will discuss the compatibility of the learning organization idea in halal food industries.

## **2. Halal markets**

Zulkifli (2014) said that Halal products have numerous large market in order to cover Muslims population which is surpassing 1.5 billion. Looking at the current world scenario, halal products nowadays receive a very high demand due to the increase of population which is ever growing that reaches a total of 2 billion with 57 of the world’s countries are *Muslim* majority countries.

The manufacturers have to beat the greater emphasis to their marketing strategy. They must do a promotion, advertisement and market the products to obtain great demand. They must have to be smart grab the chances and good business network. The small entrepreneurs are also including

who are needed to be more sensitivity to their environment. Malaysia did a lot to make it as a centre for halal food production, so that they should take this opportunity to identify the types of food that attract good market. Some of the marketing strategies are proposed by looking at their potential. Thus it seems that learning organization is necessary to figure up the company's better planning to market their products worldwide.

### **3. Halal certification**

Next, Noordin, Hashim, & Samicho, (2009) studied about the value chain of halal certification system. They highlight the issue of halal certification system in Malaysia which is said to be inefficient. The cases of fake halal certification revealed increasingly. The main reason of difficulty to get halal certification is due to the complicated procedures (Hatta, 2012). But they may have the certification if they follow all the requirements thoroughly. Meanwhile, Tieman (2011) studied about halal food supply chains which is one of the element of halal food integrity at the point of consumption, which is an obligation for Muslims. Tieman (2011) found that halal supply chain management is one of the tools that able to prevent direct contact with haram. Besides, it addresses the risk of contamination and ensuring that it is in line with the perception of the Muslim consumer. However how far they aware about learning in the organization is the most

important to overcome all the obstacles and to ensure all the systems and management of halal food industries are running smoothly.

### **4. Halal industries and management**

Habibah, Talib, Anuar, Ali, & Jamaludin, (2008) mentioned that there are many studies emphasize on food are like food quality in the food manufacturers' perspective. The main implementation of food quality practices are like Good Manufacturing Practices (GMP) and ISO9000/ Hazard Analysis Critical Control Point (HACCP). A halal standard for foods, MS1500:2004, developed by Department of Standards Malaysia being guidance from the production of halal foods, preparation, handling and storage.

Habibah, Anuar, and Fazli (2013) state that the measurement of quality management practices is becoming more important in enhancing the holistic competitiveness in today's challenging market. Malaysia's food processing industry is rapidly growing and has contributed to the country's economic development. Malaysia is aiming towards the achievement to be world halal-hub as its potential has been identified. However, literature's on quality management practices and performance in this industry has indicated that, most of previous studies are focuses to the automotive and electrical industries. Unfortunately, research on halal industries particularly

food industry that relates with management ideas are still very scarce.

## **5. Halal food industries and learning organization**

Gaile, (2013) said that the organization need to learn fast to sustain the competitiveness besides adapt to the fast changing environment. It was long time ago, since 1990, the context of learning in an organization was highly developed and the organizations of today would be willing to revisit their practices to incorporate the learning organization culture. Mainly, the learning organization is influenced by internal factors; who are the owners of the company, top management, and history of the company and situation.

Learning organization is one of the elements of management. By learning organization, individuals or people may increase their capability and ability to perform good quality work performance in the organization of a company (Pettinger Karash, 2014). Senge (1990) said that people may get the desire result and expand their capacity by learning continually in the organizations.

Sudharatna and Li (2004) claimed that a company could be a potential

company if they practising the characteristics of learning organization.

Unfortunately, according to Aini (2013), there is less written on learning organization in a religious context. Aini (2013) has developed an idea of the possibility of learning organization to be applied in Islamic organizational. It must be governed by the *Shari'ah* (Islamic Law).

## **6. Conclusion**

Literatures show that there is a gap in the studies of halal food industries in relation to learning organization. The need is obvious since the implementation of the idea of learning organization is proven to enhance organization's performance.

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